

A Work Project , presented as part of the requirements for the Award of a Masters Degree in  
Management from NOVA - School of Business and Economics

**HOW TO TAKE ADVANTAGE OF WINE TOURISM – CREATION OF A NEW  
CONCEPT FOR CENTRAL ALENTEJO BASED ON ITS POTENTIAL AND  
WORLDWIDE SUCCESS FACTORS**

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## HOW TO TAKE ADVANTAGE OF WINE TOURISM – CREATION OF A NEW CONCEPT FOR CENTRAL ALENTEJO BASED ON ITS POTENTIAL AND WORLDWIDE SUCCESS FACTORS

Wine Tourism is gaining importance in today's world and more destinations and establishments have been arising. After understanding the importance of this economic activity and the factors it must have to succeed, a new project was conceived for Central Alentejo taking into account its potential. This project is an example of how to take advantage of Wine Tourism in wine regions that are underexplored, such as *Aldeias de Montoito*, the village near Redondo to which a Business Plan will be created, explaining the strategies to pursue in order to have a successful Wine Tourism destination.

Wine Tourism \* Success Factors \* *Aldeias de Montoito* \* Business Plan

## Index

<b>I.</b>	<b>Introduction and Purpose of the Work Project.....</b>	<b>3</b>
<b>II.</b>	<b>Methodology.....</b>	<b>4</b>
<b>III.</b>	<b>Literature Review.....</b>	<b>5</b>
<b>IV.</b>	<b>Critical Success Factors and Best Practices in Wine Tourism Regions.....</b>	<b>9</b>
<b>V.</b>	<b>Wine Tourism in Central Alentejo and the potential of the region.....</b>	<b>13</b>
<b>VI.</b>	<b>The creation of a new Business Concept and Model.....</b>	<b>15</b>
	<b>a. <i>Aldeias de Montoito</i> – the reality.....</b>	<b>16</b>
	<b>b. An innovative solution and concept.....</b>	<b>17</b>
	<b>c. The Business Model for <i>Aldeias de Montoito</i> .....</b>	<b>19</b>
	<b>d. Explanation of the business model investment and figures of the project.....</b>	<b>23</b>
	<b>e. Impacts of the Business Model based on Sustainable Wine Tourism.....</b>	<b>26</b>
<b>VII.</b>	<b>Conclusions.....</b>	<b>29</b>
<b>VIII.</b>	<b>References.....</b>	<b>31</b>
<b>IX.</b>	<b>Appendix.....</b>	<b>34</b>

## **I. Introduction and Purpose of the Work Project**

Tourism worldwide is one of the most important economic activities, contributing both for countries' development and overall well-being. According to figures from UNWTO<sup>1</sup>, tourism has contributed for 9% of world's GDP, it represents 6% of world exports and 29% of services' exports. It employs 1 in 11 people worldwide. It is also important to mention that international tourist arrivals grew in 2013 by 5% worldwide reaching a record of 1087 million arrivals. Portugal has also registered good figures, with an 8% growth in 2013 in terms of international tourist arrivals.

Still within the report by UNWTO, this time regarding the Global Report on Food Tourism (Volume no.4, 2014), one can gain some insights regarding this activity's branch. The report mentions that Food tourism has been growing in the past few years and that both destinations and companies involved in tourism are aware of its importance in tourism diversification and local, regional and national development. There are many destinations in the world to which gastronomy is associated with the brand of the region. Portugal is one of these cases. Once again, the report by UNWTO mentions the relevance of gastronomic tourism to local economy, employment and the region's heritage, since tourists become aware not only of the local food, but also its origin and the culture where it comes from.

Wine Tourism, a branch of the food tourism activity, has been gaining more importance in the past few years, amongst wine consumers mostly, namely in countries with wine tradition and culture, as it is the case of Portugal. According to an article in *Publituris*<sup>2</sup>, the cluster connected to wine culture and tourism is the one responsible for tourism growth in Portugal and it is gaining more and more importance to regional development and to the Portuguese economy. Even though it is different than mass tourism (it targets high income tourists), wine tourism is the biggest responsible for the 13.6% growth in relation to 2013 numbers. In the same magazine, on November 2012, an article was published<sup>3</sup> on the fact that wine tourism demand keeps increasing, and wine and food gastronomy, that register an annual growth around 5-8%, should be the top priority products within PENT<sup>4</sup> (Tourism National Strategic Plan) between 2013 and 2015.

The overall purpose of this Work Project is to study and understand how economic agents of the Portuguese sub region of Central Alentejo can take advantage of Wine Tourism, capturing and adding value to its wines, specifically in the area of Redondo, through the creation of a new

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<sup>1</sup> United Nations World Tourism Organization (UNWTO), *Tourism Highlights 2014 Edition*

<sup>2</sup> *Vinho suporta crescimento do turismo em Portugal – Wine supports tourism growth in Portugal*, in *Publituris*, 25.09.2014

<sup>3</sup> *Procura por Enoturismo continua a crescer – Wine Tourism Demand keeps increasing*, by Tiago da Cunha Esteves, in *Publituris*, 16.11.2012

<sup>4</sup> PENT- *Plano Estratégico Nacional do Turismo*

business model in a village called *Aldeias de Montoito*. However, within this work there are other goals to reach. The main objectives which must be attained with this project are:

- To do a benchmark study on what is being done worldwide regarding wine tourism and, with this, to learn about critical success factors (CSF) and best practices applied worldwide in this sector.
- To study the potential of Central Alentejo as wine region and learn more about wine tourism in the area.
- To create my own concept of a wine tourism business model in Central Alentejo, based on the best practices and critical success factors, and on what is being done worldwide, and decide where it should be and what should be the offering.
- Since not much research on wine tourism is available, it is also my intention to use this work as a basis for further research and capture the interest of others for this activity so that more studies and projects appear to develop wine tourism in Portugal.

## **II. Methodology**

In order to conduct this study, two approaches will be used. The first approach consists of a thorough research on databases such as b-On, Taylor & Francis, and EBSCO, to investigate papers on wine tourism in the world to learn more about the activity and what has been already studied worldwide. Internet search engines were also used to widen the research.

The second approach is a more practical approach, not only to learn more on Alentejo's wine tourism but also to learn some practices of Portuguese establishments. That being said, primary data was collected *in loco* through an interview with Maria Teresa Chicau, responsible in *Alentejo Wine Route*, in Évora. To develop the business model for Central Alentejo, specifically in the village of *Aldeias de Montoito*, in Redondo, interviews were collected to the city councilor of Redondo, Armindo Ramalhosa, and the Engineer and oenologist from "Casa de Sabicos" winery in the village, Joaquim Madeira. Some visits were made to the village and conversations with local producers and workers were developed to learn about *Aldeias de Montoito*.

This approach also includes research on facts & figures from IVV (Vine and Wine Institute), and CVRA (Comissão Vitivinícola Regional Alentejana – the entity responsible for Alentejo wines' certification), among others. Besides these institutions, information will be collected also in the website of Évora district, the municipality of Redondo, *Aldeias de Montoito*, and Alentejo Wines. More data will also be collected from other public or private institutions that prove to be relevant for this analysis. Books on tourism management will also be used to apply the proper framework and understand the tourism activity and its components.

### III. Literature Review

In order to address the analysis of wine tourism, one must first understand what this branch of the tourism activity is. According to Hall<sup>5</sup>, “wine tourism can be defined as visitations to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape wine region are the prime motivating factors for visitors”.

Wine tourism has different meanings to the different participants involved in the business. Ana Isabel Inácio<sup>6</sup> mentions these meanings, starting with tourism entities, to which wine tourism represents a type of niche market, a business opportunity and job creation, that contribute to the destinations’ development; then she mentions that to the destinations it is a commercial strategy that allows them to develop their image and commercialize their attractions regarding wine and vineyards; to consumers, wine tourism is a behavior, it is about the experience they go through (mostly sensorial); finally, to the wine industry, on the supply side, such as wineries and producers, it is an opportunity to have direct sales and educate their clients about their product.

France, Italy, Spain and Portugal form the group of Mediterranean countries with the largest tradition and history connected to wine and vineyards, and where wine tourism was having more difficulties in establishing its importance and presence. Because many regions have great wines, they dismissed tourism activity and even considered it as an outsider, trying to invade their business which, as they saw it, spoke for itself and needed no tourism activity messing with wine production. However, in the past few years trends have been changing and the importance of this branch of tourism is being acknowledged by professionals in the wine business.

Both wine production and tourism have been economic activities of relevance for the Portuguese economy. Being that tourism is growing and more types of tourism need to be developed to appeal to visitors that seek a different experience, an idea that has been developed in some wine regions of Portugal, is to join tourism with wine and create a wine tourism offer to potential consumers of this service and product. Rural areas in Portugal depend largely on agriculture and, in the wine rural regions, wine tourism can be seen as a way to increase visibility and attract more people to these areas, further developing wine production while creating a new offering: wine tourism. As mentioned by Hall and Mitchell (2000)<sup>7</sup>, wine is becoming an important figure both in promoting regional image and by being a focal point of interest regarding tourism. Wine exports consist not only of the wine itself, but also of the regions in which it is produced and

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<sup>5</sup> *Wine Tourism in New Zealand*, by C. Michael Hall, 1996

<sup>6</sup> *Enoturismo no Douro e no Alentejo: Da (Re)Construção cultural à criação de dinâmicas territoriais locais*, by Ana Isabel Inácio, 2009

<sup>7</sup> *Wine Tourism in the Mediterranean. A Tool for Restructuring and Development*, by C. Michael Hall and Richard Mitchell, 2000

their respective brands. Thus, when international trade is occurring, not only wine is sold but also its generating region, which can be a great opportunity for the respective region of origin, if good marketing strategies are implemented, as well as the right development of the brand. The authors also mention that little research has been made on the importance of wine tourism on rural areas, which is one of the reasons why more studies, such as this paper regarding Central Alentejo region, must be conducted. Another reason for writing this thesis is the lack of case studies analyzing the evolution of wine tourism and its sustainability, as mentioned by Poitras and Getz<sup>8</sup>.

Poitras and Getz<sup>8</sup> (2006) studied an important dimension of wine tourism, which is the sustainability of wine tourism in the host community and region. The authors mention that “sustainable wine tourism” depends on social, environmental and economic sustainability and, specifically, on the “identification and management of unique issues pertaining to the resources used (i.e. the land and water, labor, (...)), specific forms of wine tourism development (...), and the specific impacts caused by wine-related tourism”. Some of the main issues identified were the activity’s seasonality, competition, environmental impacts and the participation of all stakeholders and community involvement in the development of the region. The authors then go deep into a case study analysis of Oliver Town, in British Columbia in Canada, to further analyze sustainability in the region, according to stakeholders’ views. This is an important case study, in a sense that it is a starting point for further studies on wine tourism sustainability in other regions and communities.

Reacting to the lack of studies mentioned by Poitras and Getz (2006), Alonso and Liu (2011)<sup>9</sup> have devoted to the study of small winery entrepreneurs’ reactions in Canary Islands, in Spain. They studied the sustainability of this business from 2007 to 2009 in the region, and their major finding was that to have a sustainable wine tourism, the participation of all relevant stakeholders is essential, as well as government support, and there must be coordination among them; but they recommend that more studies must exist to understand wine tourism in other regions.

Portugal has also been the subject of a study analysis by Brás, Costa, and Buhalis (2009), who have analyzed the networks created within the Wine Route of Bairrada, in Portugal<sup>10</sup>. This study reaches a similar conclusion as the one regarding the Canary Islands, in the sense that it mentions the importance that “regional levels of cooperation and tourism destination management networks”, within Bairrada’s Wine Route, have in increasing the level of efficiency and competitiveness worldwide, as well as the importance of having all members participating, from public to private institutions.

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<sup>8</sup> *Sustainable Wine Tourism: The Host Community Perspective*, by Lisa Poitras and Donald Getz, 2006

<sup>9</sup> *Old wine region, new concept and sustainable development: winery entrepreneurs’ perceived benefits from wine tourism on Spain’s Canary Islands*, by Abel Duarte Alonso and Yi Liu, 2011

<sup>10</sup> *Network analysis and wine routes: the case of the Bairrada Wine Route*, by José Miguel Brás, Carlos Costa, and Dimitrios Buhalis, 2009

Within the same area of investigation, other studies have been conducted for different regions, as it is the case of Greece, with the paper by Karafolas (2007)<sup>11</sup>, in which the author mentions the development of Wine Roads in the 90's as a factor boosting rural tourism in the region and the positive effects it had in Greek wine regions.

This paper focuses on a different research and it is especially important since it addresses a major contributor to the region's development: the financial support given by the European Union, through LEADER (*Liaisons Entre Actions de Developpement de l'Economie Rural*) program. Kuzniar (2012)<sup>12</sup> studies the case of the province of Podkarpackie in Poland, which has the physical conditions suitable for wine production and may benefit a lot from wine tourism, through incoming receipts from both production and tourists, as long as the right marketing efforts and local initiatives are well implemented, as concluded by the author.

Another line of research was conducted by Asero and Patti (2009)<sup>13</sup>, in Italy, where the authors emphasize the way in which quality wines may help to increase the value and promote Italian regions by creating wine tourism activities such as Wine and Food Routes' itineraries. These routes can become a major driver of innovation in wine territories and, if well managed, they can "emphasize the local identities by introducing territories and local resources to the tourist market".

By crossing this study with the one in Bairrada region and the one from Greek wine roads, one can start gaining a perception on how important it is for wine regions to be part of wine routes and the benefits that arise from these networks and interactions. This is also illustrated by Hall and Mitchell (2000) in their paper<sup>14</sup>, in which they mention the importance of wine roads as a link between tourism and wine; for instance, the case of Germany, which started to have wine trails since 1920 and by 1970 had them in almost all wine regions; and there is also the case of European countries from the East, like Hungary, which started to create wine trails in order to attract Europeans from the West. Thus, wine routes have a major role in linking wine to tourism, and attracting more people to visit the regions and enjoy this activity.

Hall (1996)<sup>15</sup> mentions this information on wine roads previously in his paper, in which he also exposes the successful development that wine tourism has had in the New World countries. In Australia, as the author mentions, the government has already recognized the economic relevance of wine tourism and, also in New Zealand, since the 1970s that wine production has been growing and

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<sup>11</sup> *Wine Roads in Greece: A Cooperation for the Development of Local Tourism in Rural Areas*, By Simeon Karafolas, 2007

<sup>12</sup> *Enotourism as a Form of Activating Rural Areas (On the Basis of the Province of Podkarpackie)*, by Wiesława Kuzniar, 2012

<sup>13</sup> *From Wine Production to Wine Tourism Experience: The case of Italy*, by Vincenzo Asero and Sebastiano Patti, 2009

<sup>14</sup> *Wine Tourism in the Mediterranean. A Tool for Restructuring and Development*, by C. Michael Hall and Richard Mitchell, 2000

<sup>15</sup> *Wine Tourism in New Zealand*, by C. Michael Hall, 1996



even though the related tourism is not as big as in other regions, such as Australia, it already has some importance for the country.

Besides, in the USA and Canada, the link between wine and tourism is well recognized in different regions. Napa Valley in California is the best example of a huge wine region and with greatest importance regarding wine tourism promotion practices, since it holds many wine festivals within the area, it is part of wine trails and organizes many wine tours, as well as engaging in active wine promotion alongside the region. It is clearly an example of best practices in wine tourism destination management.

Additionally, the social and economic role of wine has been of major importance for some regions, as the case of Rioja region in Spain. Larreina, Gómez-Bezares and Aguado (2011)<sup>16</sup> did a research on Riojan wine cluster to understand its evolution for the Riojan economy and the region itself. One of the activities growing in the region is wine tourism, as more knowledgeable wine consumers look for a wine experience, caring for the landscape, design, history, culture, and great facilities to enjoy it.

Rioja is a vine and wine growing region mostly, as these activities are the most important contributors for its economy, and it has been developing mainly in the form of cluster, a concept defined by Porter as “a geographically proximate group of interconnected companies and associated institutions in a particular field linked by commonalities and complementarities”.

This concept of cluster is associated with wine production, as Porter himself mentioned and it is common in some wine regions around the world, besides Rioja, namely, California Wine Cluster, Aquitaine in France, Victoria in Australia, Cape Town in South Africa, Chile, New Zealand, Canada, Canary Islands in Spain, Italy, and Mendoza in Argentina.

The Rioja wine cluster comprises thousands of interdependent companies like cellars, vine growers, local suppliers and other related companies, working all together. The wine cluster is the main economic activity for Rioja, thus, its evolution is a signal of the wealth in the region. The authors of this paper mention some important factors that influence the success of this wine region, namely, the local accumulation of knowledge, since many Spanish oenologists are based in the region; the contribution of regional Universities doing a lot of wine-related studies and the existence of research centres in Rioja. Also important is the innovation occurring in the region mainly with the use of architecture as marketing tool (with some important wineries hiring famous architects like Ghery and Calatrava to work on their facilities). More recently, members of this cluster have been worried with promoting Rioja as tourism destination, working together to this end and trying to enhance the “region’s brand”. Related to this is the creation of the *DOC* certificate, generating

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<sup>16</sup> *Development Rooted on Riojan Soil: The Wine Cluster and Beyond*, by Mikel Larreina, Fernando Gómez-Bezares and Ricardo Aguado, 2011

rules to protect “Rioja” brand, and that each year creates a budget and a promotional plan to invest in the region’s promotion internally and in foreign markets. The wine production of the region aims at the global high quality market, producing very good wines that are currently a success, and one third of the production is exported to foreign markets, a huge client of top quality wines.

Due to this region’s success and effort to develop its wine production activity, it is the most important and well known wine region in Spain and the world.

#### **IV. Critical Success factors and best practices in Wine Tourism Regions**

To achieve a successful model of wine tourism in a region, it is important to understand first which are some of the most relevant factors for its success and what makes it appealing for tourists. Such analysis is related, in some way, to what has been mentioned on the cluster approach. The cluster analysis can be very useful to understand whether the wine region is being productive and if it is attaining good levels of success. In a way, the goal of this analysis is to detect the critical success (or failure) factors for a region, concerning interrelated industries and activities, in an interconnected manner. However, more studies on critical success factors have been conducted and should also be used to grasp what it really means to have a successful wine tourism.

Getz and Brown (2006)<sup>17</sup> have studied the success factors that must exist in wine regions in a demand side approach, that is, they have studied what potential tourist want and think is most important for a wine region to have. Thus, the authors intended to understand what the best factors to develop and marketing wine regions were. Even though they are not the universal rule, and considering that each region will have its own critical success factors, they are still generally accepted and must be considered by wine tourism participants at regional and national level. The study was conducted in Calgary, Canada, but it can be generally adopted since the findings relate to other wine regions and wine tourists general profile.

In order to understand these factors, it is important to mention that the perception of wine regions has changed over time, and more emphasis is being placed by tourists in the aesthetics of the regions and facilities and the whole experience, rather than focusing only on wine production. It is also important to have an idea of the wine tourists’ profile, which is, as many authors state, “typically, middle-aged, highly educated, professional or managerial, with above average income”<sup>18</sup>. In their study, the authors mention that most of these tourists are also married. However, these authors mention the “generational challenge”, referring to a new segment, of youth and the

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<sup>17</sup> *Critical Success factors for wine tourism regions: a demand analysis*, by Donald Getz and Graham Brown, 2006

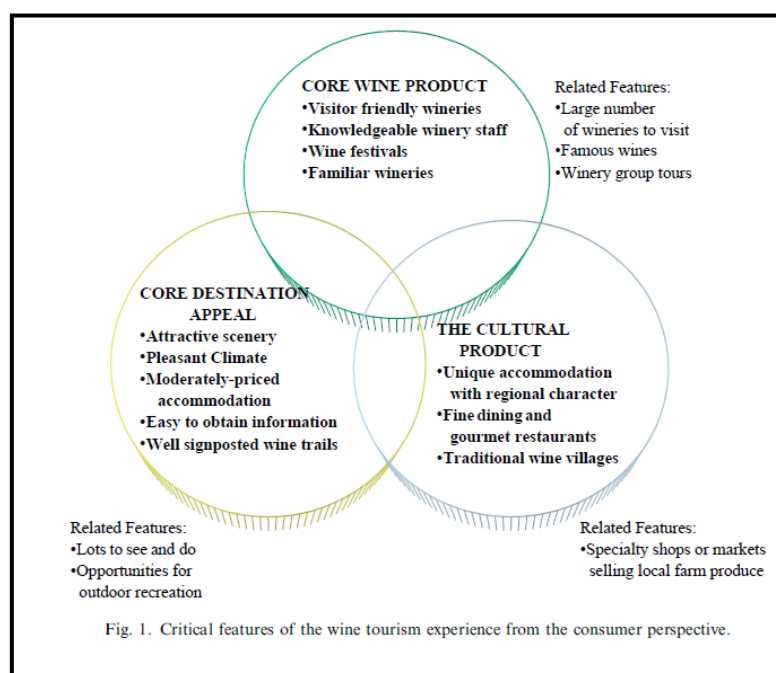
<sup>18</sup> Mitchell and Hall’s definition (2001), inside the paper by Getz and Brown on *Critical success factors for wine tourism regions: a demand analysis*

baby boomers, who are becoming interested in wine tourism as well, so, it is important to come up with an effective marketing strategy for them as well. Taking this information into account, one can now enumerate the critical success factors identified by the authors, which are 27 and that include some factors taken from a previous study by Getz, Dowling, Carlsen, & Anderson (1999). The factors that matter the most to wine consumers and, thus, are critical success factors for developing and marketing wine regions, are the following:

- 1) The wine region is close to home
- 2) The region is popular with wine tourists like me
- 3) The region's wines are famous
- 4) There are a large number of wineries to visit
- 5) Group tours of the wineries are offered
- 6) I am familiar with one or more of the wineries
- 7) I can get an introduction to meet a winemaker
- 8) Information about the region is easy to obtain
- 9) Friends have visited the region
- 10) Packaged holidays are offered to the region
- 11) Wine trails in the region are well signposted
- 12) Moderately priced accommodation
- 13) Attractive scenery
- 14) A pleasant, all-year climate
- 15) A wide range of opportunities for outdoor recreation
- 16) Traditional wine villages
- 17) Unique accommodation with regional character
- 18) Fine dining and gourmet restaurants
- 19) Local art and craft for sale
- 20) A wide range of activities for children
- 21) Excellent sports facilities
- 22) Wine festivals
- 23) Specialty shops or markets selling local farm produce
- 24) There is a lot to see and do in the region
- 25) Winery staff are knowledgeable about wine
- 26) The wineries are visitor friendly
- 27) Cooking classes

Source: Getz & Brown (2006), page 153

The authors have also identified a framework within their study, on the critical features of the wine tourism experience from the consumer perspective, which is the following:



Source: Getz & Brown (2006), page 156

The authors concluded that the positive impact and success of wine tourism experience, to tourists and consumers, is a combination of three main elements and their related features: Wine, Destination Appeal, and the Cultural Product (one of the most important dimensions).

Having this study as basis, one should also mention, besides the critical success factors, best practices in wine tourism; some already applied and others that still need to be further developed, regarding wine tourism worldwide. Dr. Liz Thach, professor of management and wine business, from Sonoma State University, has published in *Fine Wine and Liquor Magazine*, in December 2012, an article mentioning the twelve best practices on global wine tourism, adopted by the most successful wine regions, which are the following (extracted from the author's blog<sup>19</sup>):

1. **Wine Roads** (maps with wineries, schedules, directions, websites and contacts; and also restaurants, hotels and other relevant places);
2. **Wine Community partnerships** (Successful wine regions work in partnership with hotels, restaurants, airports and transportation companies – e.g., Hunter Valley in Australia has a whole package of picking tourists at the airport, providing transport and a package with restaurant, hotel and wineries);
3. **Special Wine Events and Festivals** (some regions innovate and do original festivals, for instance, “Wine and Crane Festival” in Lodi, California and “Cabaret and Wine show” at Melton Wine Estate in New Zealand. In Portugal there is already the “Douro Film Harvest”, a cinema event in Douro Valley, within the vineyards ;
4. **Experiential Wine Programs** (offering tourists a unique experiential program, for instance, in Napa and Sonoma Valley, California, tourists can blend wine varieties and customize their own bottles, as well as designing their own labels. At L’AND Vineyards, in Alentejo, Portugal, it is also possible to customize bottles and have own production (for property owners) ;
5. **Link Wine to Regional Tourism** (linking wine to other local tourism sites is a great strategy to everyone involved since it can attract more tourists. Visitors can see wineries while visiting major cultural and historical attractions within the regions) ;
6. **Unique Partnerships** (linking with partners beside the typical ones like food, wine, music and art. For instance, in Okanagan Valley, in Canada, joined with golf courses and in California, the Sonoma Mission Inn Spa joined with wineries to have wine-tastings after a day in the Spa);
7. **Wine Villages** (usually a town in a wine region designed specifically around the wine theme, with multiple wine tasting rooms near each other, restaurants with food matching local wines and hotels with packages developed around wine themes as well. Some of these villages are old

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<sup>19</sup> In <http://lizthach.wordpress.com/2013/12/06/12-best-practices-in-global-wine-tourism/>

and already existed, such as Montalcino wine village, in Brunello region in Italy; and others were created from origin, like in California, the town of Healdsburg, in Sonoma county);

8. **Focus on Art & Architecture** (there are some wineries that attract more visitors by adding art galleries or sculptures and art-related items such as Bodegas O Fournier in Argentina and Hess Collection winery in Napa Valley, which have famous art collections for visitors to see while tasting wine. Some other wineries use architecture to attract visitors, for instance, Vina Mar winery in Casablanca Valley in Chile and even in Portugal, Alentejo, Adega Mayor winery);
9. **Food & Wine Matching** (a strategic way of attracting tourists is targeting those who enjoy the culinary trait of wine tourism, by organizing food and wine tours or events. A good example is the Wine & Paella Event taking place in Baja, Mexico, where wineries match wines with paella courses and also France and Italy have this type of tours in various wine regions to attract tourists throughout the year);
10. **“Green” or Ecotourism Focus** (some wineries are targeting the segment of tourists who seek organic wines and who like being around nature, linking wine to ecotourism, by offering special tours and educational programs on how they produce their organic wine. For instance, Banfi winery in Montalcino, Italy, was the first to achieve environmental certification and offers tours and explanations on their “green” practices.);
11. **Unique Wine Tours** (a strategy that is being applied by wineries is offering a unique wine tour to visitors, who are usually a more adventurous segment or who already know the region and look for something different. For instance, Chatam winery in Virginia offers “wine & kayaking” and in Paso Robles, California, there is a 4-wheel jeep drive through Steinbeck Vineyards.);
12. **Social Media for Wine Tourism** (some wineries and regions are already aware of the benefits of social media and are using them to attract wine tourists. Since they know some tourists will use mobile phones and internet to look for information on wineries and places to visit, they make sure their GPS directions are right and also that they have a website designed for mobile phone users. There are even some regions that have developed apps that can be downloaded providing information on wineries, maps, coupons and tastings discounts. There are some cases of wineries with a Facebook page and links to Trip Advisor and other sites, to make sure they are interacting with potential wine tourists).

One can conclude, after looking at this set of best practices, that some wine regions are well aware of the benefits, not only economical but also social and cultural, that they can extract from wine tourists and how to attract more potential clients to their wineries, hotels, restaurants and to other relevant tourism locations within the area as well.

## V. Wine Tourism in Central Alentejo and the potential of the region

Since VII b.c. that there is evidence of wine production in Alentejo, with the presence of the Phoenicians in the region. The Romans then came and also produced and consumed wine from Alentejo region, hence, there has been a long history regarding wine production in this location. From the XVII century onwards there was a lot of export activity of Alentejo wines, until the appearance of many diseases affecting vineyards in the XIX century, destroying almost all vineyard space. It was not until the 1950s, with the appearance of collective wineries (Adegas Cooperativas) that Alentejo's viticulture starts gaining strength. These wineries conquered a great relationship between price and quality which became appealing to all Portuguese people.

Currently, Alentejo wine region is one of the most dynamic of Portugal. Its area corresponds to 26,158 square kilometers. The total area of vineyard is around 23,500 hectares and it comprises eight sub-regions: Portalegre, Borba, Redondo, Évora, Reguengos, Granja- Amareleja, Vidigueira and Moura. The region is mostly composed of plains and it has a Mediterranean and Continental climate. Due to the high levels of sun that it captures, the grapes reach good levels of maturation and sugar. Alentejo is the leading region in the national market, both in volume (44.9%) and value (46.7%) market shares, according do ACNielsen data<sup>20</sup>. Alentejo has some wine grape varieties that are common in other regions but also some varieties that are typical in the area and a few that are relatively recent and recognized for their quality, which improves the leading position of the region in terms of wine quality. The red varieties of Alentejo are mainly *Alfrocheiro*, *Alicante Bouschet*, *Aragonez*, *Cabernet Sauvignon*, *Castelão*, *Syrah*, *Trincadeira* and *Touriga Nacional* and white varieties are *Antão Vaz*, *Arinto*, *Fernão Pires* and *Roupeiro*.

Alentejo region has been benefiting from financial help by the European Union and the government, through communitarian funds and programs, such as *LEADER*<sup>21</sup> and *PDR*<sup>22</sup>, and from the entrepreneurial efforts made by economic agents locally, which has helped to install modern oenological processes (with stainless steel vats and temperature control).

This region is gaining much importance in terms of Wine Tourism and it was considered in August this year, by USA TODAY<sup>23</sup>, as the world's best wine region to visit, ahead of regions such as Champagne, Tuscany, Napa Valley and Rioja. The most important attributes recognized to the region in the comments made in the website are the fact that it looks like a trip "back in time", the gastronomy (typical regional food), the beaches and particular lodges where one can stay, rather

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<sup>20</sup> Data in the website of Vinhos do Alentejo : <http://www.vinhosdoalentejo.pt/noticias.php?idn=76>

<sup>21</sup> *LEADER - Liaisons Entre Actions de Developpement de l'Économie Rurale*. A program to help developing economically rural regions

<sup>22</sup> *PDR - Programa de Desenvolvimento Rural*. (Rural Development Program, in partnership with the European Union)

<sup>23</sup> In <http://www.10best.com/awards/travel/best-wine-region-to-visit/>

than a coast line full of hotels, and the quality of the grape varieties and wines. Another important factor is that is very close to both Lisbon and Faro airport, only two hours away from both of them.

Central Alentejo corresponds mainly to Évora district (excluding Mora municipality) and it includes the municipality of Sousel, part of Portalegre district. Overall it is composed of 14 municipalities: Alandroal, Arraiolos, Borba, Estremoz, Évora, Montemor-o-Novo, Mourão, Portel, Redondo, Reguengos de Monsaraz, Sousel, Vendas Novas, Viana do Alentejo and Vila Viçosa.

Regarding wine tourism offering in Central Alentejo, one must understand what already exists before initiating a new business model discussion. In the table below is the existing offer in this part of Alentejo, which as one can see, is not much and there is room for further developments.

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**Wineries belonging to Alentejo Wine Route      38**

<b>Wineries in Alentejo Wine Route with accommodation services</b>	<b>3</b>	Herdade dos Coelheiros (Arraiolos), João Portugal Ramos (Estremoz), and Sociedade Agrícola Gabriel F. Dias e irmãs, SA (Montemor-o-Novo)
<b>Wine Tourism establishments available in <i>Turismo de Portugal's</i> technical guide</b>	<b>8</b>	Monte da Ravasqueira (Arraiolos); Ervideira and Herdade do Esporão (Reguengos de Monsaraz); Adega do Monte Branco, Dona Maria and João Portugal Ramos (Estremoz); Wine Tourism Cartuxa and Herdade da Calada (Évora) <sup>24</sup>

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Based on the interview with Maria Teresa Chicau, one of the responsible for the Wines of Alentejo establishment in Évora, my own research regarding the region and existing literature, namely, on Wine Tourism in Alentejo by Ana Isabel Inácio<sup>25</sup>, it was possible to derive a SWOT analysis for the sub-region of Central Alentejo, specifically for Évora district. This analysis can be seen in the table below:

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<sup>24</sup> Wine tourism establishments that exist in the wine tourism technical guide from Turismo de Portugal <http://guiastecnicos.turismodeportugal.pt/pt/enoturismo/regioes/Alentejo>

<sup>25</sup> In *Enoturismo no Douro e no Alentejo: Da (Re)Construção cultural à criação de dinâmicas territoriais locais*, by Ana Isabel Inácio, 2009

SWOT Central Alentejo	
<b>Strengths:</b> <ul style="list-style-type: none"> <li>• Climate</li> <li>• Proper/suitable conditions to wine production and vine</li> <li>• Location/Proximity to Lisbon, Portugal's capital city</li> <li>• Accessibility: 2h away from Lisbon and Faro airports</li> <li>• Good highway infrastructure and train connections</li> <li>• Unique local gastronomy</li> <li>• Good quality of wines in the region and reputation</li> <li>• Culture, history and art patrimony</li> <li>• Évora as World Heritage site (by UNESCO)</li> <li>• Unique landscapes</li> <li>• Diversity of tourism activities: hunting, horse rides, hiking, 4 wheel motorbikes and jeep tours, some nautical activities, etc.</li> <li>• Warm, welcoming people</li> <li>• Existence of a Wine Route (Vinhos do Alentejo)</li> <li>• Awards and recognition of the region (2014 best wine region to visit award)</li> </ul>	<b>Weaknesses:</b> <ul style="list-style-type: none"> <li>• Lack of wine tourism accommodation offer (only 2 or 3 places to stay)</li> <li>• Lack of integrated packages in wine tourism establishments combining other activities</li> <li>• Lack of a Destination Image and brand development</li> <li>• Bad signpost regarding wineries and the wine route</li> <li>• Lack of proper network cooperation (stakeholders and agents not well coordinated)</li> <li>• Ageing population</li> <li>• Workers have low knowledge of foreign languages</li> <li>• Working hours of wine tourism establishments (only until 19h)</li> <li>• Lack of awareness by most wineries and other agents on wine tourism potential</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>• Export activity as means to promote the region and the wines</li> <li>• Growth of emerging countries (most of them with relations with the Portuguese market)</li> <li>• Growing importance of social media as a mean of communication – increase awareness and knowledge of the region and offers</li> <li>• Trade fairs and events worldwide to make the region and its wines known</li> <li>• Relationship with Angola and other important markets (Alentejo wines have presence there)</li> <li>• Development of fluvial tourism and nautical activities and other touristic offers, in Alqueva (synergies with wineries and wine tourism establishments)</li> <li>• Innovation (use of new techniques and other novelties, for instance, new modern architecture)</li> </ul>	<b>Threats:</b> <ul style="list-style-type: none"> <li>• Climate changes</li> <li>• International financial crisis</li> <li>• Competition from national and international wines and wine tourism destinations (e.g., the development of wine tourism offer in China)</li> <li>• Ageing of the Portuguese population with less and less young generations</li> <li>• Political and economic crisis that may lead to less funds to rural development (such as LEADER program by EU)</li> </ul>

With this analysis and what was mentioned above, one can see that Alentejo, specifically Central Alentejo, the focus of this thesis, is a region with a lot of potential, with great wines and wine production history, which still needs to develop and grow as destination for wine tourism in order to become competitive worldwide. More businesses must be created and other improved or further developed, but, the main conclusion is that investments must take place in this region. This is the starting point for a new idea of a Business model I have decided to pursue, after researching the area around Évora, in concrete, Redondo's municipality area.

## VI. The creation of a New Business Concept and Model

Based on the research made on best practices, critical success factors and worldwide offering regarding Wine Tourism, and taking into account the potential and characteristics of



Central Alentejo, it is my intention to create a new concept in Wine Tourism for this region, in order to innovate and attract more visitors. This concept must obey and combine most of the good practices and factors that were described in the first sections of this thesis.

When having a conversation with the responsible from Wines of Alentejo, an opportunity arose for me to pursue. It was mentioned a winery in *Aldeias de Montoito*, a village near Redondo (Évora district), called “Casa de Sabicos”, which belongs to Alentejo Wine Route; but the village itself is becoming abandoned and people are leaving. The idea stroke me as a great opportunity to create a new business model within wine tourism, as it will be explained in the ensuing sections.

### **VI.a. *Aldeias de Montoito* – the reality**

*Aldeias de Montoito* is a small village near Redondo, next to another village called *Montoito* – they are both part of the municipality of Redondo. *Aldeias de Montoito* is currently a village with only a few people, 470 inhabitants according to 2011 census, most of them seniors, and it is becoming abandoned and in risk of desertification, with -4.86% residents, from 2001 to 2011<sup>26</sup>. Its population is mainly devoted to husbandry - agriculture and animal breeding. There are many houses which are empty and unoccupied, even though they have owners, because these owners live in other places and do not go to the village very often. It is a typical agricultural village, with a winery that is part of Alentejo Wine Route, as mentioned above, called “Casa de Sabicos”, and some cheese producers in the village. In *Montoito*, the neighboring village, there are also some bread producers, sausages and smoked sausages producers and an olive press with an important olive oil production. There is only one restaurant in *Montoito* and none in *Aldeias de Montoito*. The latter is inserted in a typical agricultural landscape, with vineyards and olives in the fields surrounding the village. It is also very close to the dam “Barragem da Vigia”, where one can go fishing or have a walk in the area surrounding. Also in the area above Redondo there is the mountain “Serra d’Ossa”, where one can go hiking and enjoy the views.

When talking to the city councilor of Redondo, I was told that *Aldeias de Montoito* was a “diamond in ruff”, since it has resources and it would be perfect for accommodation purposes, but locals do not participate in any developments. It is also very important to mention that this village has a central position in terms of proximity to important points of interest: it is close to Évora, Vila Viçosa, Reguengos de Monsaraz, Redondo, Alqueva, among others. Thus, it is a great place to stay if one wishes to do a cultural tour around these cities. Because wine tourism is the focus of this project, it is also important to mention that in Redondo, there is a wine museum and an “Enoteca” (a

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<sup>26</sup> In [http://www.cm-redondo.pt/NR/rdonlyres/00014498/nafvobfzxswnxmsuvcilbckghrahvvyo/Estudo\\_Censos\\_2011\\_SIGRED.pdf](http://www.cm-redondo.pt/NR/rdonlyres/00014498/nafvobfzxswnxmsuvcilbckghrahvvyo/Estudo_Censos_2011_SIGRED.pdf)

place where different wines are stored and may be tried), thus, making it a place of interest for tourists, and close to the village.

### **VI.b. An innovative solution and concept**

In order to revitalize and give a new lease of life to this village, the idea is to create a permanent exposition fair that is not a fair, but rather a village. *Aldeias de Montoito* will work as a sort of Óbidos village, and will be a member of Alentejo Wine Route, devoted not only to wine, even though it is the focus, but also to other products and complementary activities such as accommodation, concerts and sports in the region. The empty houses will be used for accommodation facilities and points of sale, for the products and services available in the village. The idea is to create a destination for wine tourists, which has not only a winery for them to visit and have tastings but also a shop with wines from wineries in the Redondo area selling and performing wine tastings in the shop, together with the sale of regional products (from cheese to olive oil and bread). There will also be a restaurant for tourists to go before returning to their lodges in the village and other activities to enjoy during the day, such as a walk or kayaking in the dam. This destination is also central in relation to major points of interest such as Évora, Vila Viçosa, etc. as mentioned above, hence, one can say it will be a destination suitable not only for wine tourists but also for their families and other type of tourists, interested in regional and cultural tourism.

The solution for this village to become more dynamic and attract more people, is firstly to invest in a great accommodation project by selecting the houses with a better view to the “winescape” and olives and well positioned, and that are not occupied by the owners, and turn them into the typical rural lodgings, Alentejo houses, with a lot of comfort and that make it attractive for tourists to stay there for a few nights.

After focusing on the housing purposes, one must then turn to the complementary activities within the village. The most important one is wine, since the main purpose is to get wine tourists to come. Not only will there be the winery of “Casa de Sabicos”, member of Alentejo Wine Route, which already exists and has a long history of production and it has a tasting room in its facilities, organizing not only wine tastings but also many typical lunches, according to the time of the year (hunting, herbs season, lamb in the Easter, etc.); but also, the idea is to have some of the wineries in Redondo area, exploring a house in the village, with their wines available to buy, taste, and also the possibility of participating in wine courses. These will attract tourists who want to try the region’s wines and have in one sight a large sample of the wineries nearby, rather than having just one tour through one winery. In this shop, educational programs on wine making and its history must exist, to add to wine tasting. These programs must be adapted to blind visitors as well; this group of

people is very thorough and professional in wine tastings because their smell and taste is more accurate, thus, it is becoming more common to have a lot of blind people in wine tastings and courses. The bottles of the wineries participating must have Braille labels and the professionals providing for the tastings and courses must be prepared to receive and deal with all types of groups. Nowadays wine tourists want to feel involved and be part of the experience of tasting and they also want to know everything about wine making and its history; thus, it is fundamental to have this included in the wine service of the village. There will be a joint Wine Club of all wineries represented in the shop, as it happens currently in almost all world best wineries, for visitors to be part of, and members will receive boxes of new wines that are released, from either brand, and they will have discounts. Additionally, there will be the possibility of ordering wines with customized labels (made in store on top of the original ones, either by the workers or by the visitors themselves, for instance, their children may do a picture with the correct size to fit the label and it will be used as label for the bottles of the member). Club membership is optional and will imply paying a fee to be settled among wine producers present in the shop.

Because wine and local gastronomy must be connected in order to experience a destination in its whole, the cheese producers of the village, along with the bread, smoked sausages and olive oil producers from *Montoito*, will also be present in this house, turned into a wine and regional products shop, to explore and have tastings and samples of these products. Tourists will also be able to buy these products in the shop. The exploration of the shop will be done jointly, among wineries and local producers.

Additionally, there will be a restaurant of typical food from the region in the village, for visitors to have a nice meal. This restaurant will be created in another house, so that one takes advantage of the facilities that already exist and so that the empty houses are occupied, for the village to look less like a “desert”. In the restaurant there must be some nights of live performances of artists hired or who accept or volunteer to perform. Some of the nights may be devoted to Fado, so that tourists get to know the typical Portuguese music, and in other nights there can be typical performances by the region singers (like Cante Alentejano, a typical style of Alentejo recently considered immaterial patrimony of humanity by UNESCO), also some jazz concerts and musicians that accept to perform in the village’s restaurant.

Even though they are quite an incentive, Wine and food *per se* are not enough to take the most of this village and other activities must, thus, be developed. Since there is the “Barragem da Vigia” dam nearby, which has a very nice landscape, there must be a small enterprise in the village, offering tourists the possibility to visit the dam, do some fishing, and also there will be kayaks and paddle boards and rows available for tourists to rent. It is important to mention that no motors are allowed since the dam is used for domestic consumption so, only this type of activities is

authorized. In partnership with the restaurant and the shops of wine and food, this company will also offer tourists the possibility of having a Picnic by the dam margins, while absorbing the nature and the atmosphere surrounding them. This enterprise will also have horse rides (from partnership with Lusitaurus, a horse riding center in *Montoito*), jeep and four wheel motorcycle tours within the area, for tourists to have a ride and see the landscape from a close sight. These tours on wheels can go also to “Serra d’Ossa” mountain, above Redondo, so that tourists can enjoy the landscape and have a hike in the mountain.

### **VI.c. The Business Model for *Aldeias de Montoito***

After presenting the solution for the village, one must explain how the business will work in practice and how it is projected. The explanation of the Business Model is provided in the following section but in this one there is the introduction to the model and the assessment according to a common framework to find the region competitiveness. The “new” village disposal and some important components of the new Business Project will be the following:

- The houses used for accommodation will be spread through the village in strategic places (those that are empty and have a closer location to the landscape of vineyards and olives) and they should be no more than 6 houses.
- The winery “Casa de Sabicos” has already its location in the village, near the entrance and with a view to the “winescape”.
- Cheese producers have their factories spread through the village and bread, sausages and olive oil producers also have their factories in *Montoito*. However, they will all be present in a house, central in relation to the lodgings, where they will sell their products.
- This house for the regional products will also be used for the wine shop, where producers and wineries of the region of Redondo will have representation. The wineries which will be present, if interested, are “Adega do Redondo”, “Roquevale”, “Courela do Zambujeiro”, “Sociedade Mouchão da Povia”, “Solar dos Lobos”, “Herdade da Maroteira” and “Herdade de São Miguel”. “Sociedade Mouchão da Povia” has already revealed interest in participating, provided that the project is attractive to the company, that is, profitable. There will also be a common division in which tastings and courses will take place, combining wine with local products in the tastings.
- The restaurant will be in another house in the village, remodeled and with more than one dining room. Concerts will take place in the restaurant’s divisions.
- There will also be a house in the center where there will be the materials for other activities (rows, paddles, kayaks, picnic utensils, etc) and where the shop to rent them and the tours

by jeep and motorcycle will work. Here people can book horse riding activities in partnership with Lusitaurus, the horse riding center in *Montoito*. In this house there will also be a person equipped with touristic maps and guides and capable of explaining and giving information to tourist.

- Finally, there will be a house, for the general management of the village. It will be the “office” and reception. Keys to lodgings will also be here. It will be like the reception of a hotel, but it is the reception of the village, where guests and visitors can check in and arrange for their accommodation. In this house there will also be a room with a big table set for breakfast and this is where tourists will eat in the morning, so they can talk to each other and enjoy their breakfast together. A worker will be responsible for making sure the table has all food and drinks (such as hot coffee and milk) needed. This person is the same as in the reception of the village to give the keys to guests and the manager of daily operations to check if everything is in order. This person will have a room in this house and because it is a demanding job, which requires work on weekends, the salary will correspond to paying to 1.5 people instead of doing the calculation to just 1 person.
- It is important to mention at this point, that the village must be promoted as a whole, and marketing efforts must be always regarding the village as a Wine village and other activities, not separately by each entity. Together with this requirement, it is also important to have a general manager, who will supervise the whole project. This person does not need to live in the village but has to visit it sometimes to stay on top of its management.
- One fundamental component of this new project has to be social media. This channel is the most used for promotion in the XXI century so marketing efforts must include social networks and also the village has to be present in online channels. One must not forget that a rather high percentage of consumers finds a destination through online channels, thus, *Aldeias de Montoito* must follow the market trends and participate in this global online market by focusing on digital marketing.
- It is also important to remind that, because the village’s winery is already part of Alentejo Wine Route, the purpose of this project is also to have the whole village concept as part of the Wine Route, so that it is promoted at Wines of Alentejo as such.

In order to put in practice this business model, one must first use an appropriate framework to understand if the region has a competitive advantage. Only if it does, one can conclude that this is a good starting point for the concept to be implemented. Usually, the Diamond of National Advantage model, by Michael Porter, is applied in internationalization plans, to understand whether a nation is competitive and if it has the conditions to internationalize. However, this framework can

be applied with no internationalization purpose and for a region in particular, to understand if it is a region with potential, and able to attract a lot of visitors, both nationals and foreigners.

That being said, Porter's National Diamond framework was applied, as Porter's "Regional" Diamond, for the area around and comprising *Aldeias de Montoito*, including Redondo, the municipality of the village. On *Exhibit 1*, in the Appendix, one can see the representation of the components of the Regional Advantage Diamond for *Aldeias de Montoito*. According to this theory, there are four determinants to attain competitive advantage for the region, interlinked between them and that must be favorable for the industry to achieve competitiveness worldwide. They are: factor conditions (availability of factors of production within the region, such as land, water, capital, labor, etc.); demand conditions (the nature of the national market demand for this product or service); related and supporting industries (the presence in the region of related industries and suppliers that are competitive and can support the business); and firm strategy, structure and rivalry (the conditions in the region that regulate the creation, organization and management of enterprises, and the competition of other companies within the region). This framework, applied to the region, can be seen in the table below.

Regional Advantage Diamond for <i>Aldeias de Montoito</i>	
<b>Factor Conditions</b>	<p>In terms of labor force, it is highly qualified in the winery of the village, "Casa de Sabicos", and it is qualified in the industries of the region, but there is a shortage of workers in younger segments in the village. Only older people is living there so, to have the shops and houses available to tourists when the business model starts to be implemented, more workers have to be hired and, if not qualified, they must receive education and training.</p> <p>Raw materials are abundant, from vine to olives, to cattle breed in order to produce cheese and meat derivatives. The resources are available; one just has to put them to a good use. Capital is not abundant, underlining the importance of using the available houses and resources in an innovative manner, with the local community's contribution and participation.</p>
<b>Demand Conditions</b>	<p>The perception of wine regions has changed over time, and more emphasis is being placed by tourists in the aesthetics of the regions and facilities and the whole experience, rather than focusing only on wine production, thus, it is the concept as a whole that must be appealing to visitors. The market is mostly local and regional; in the village there are mostly Portuguese visitors, when they come, but in the winery "Casa de Sabicos", visitors are mainly foreigners (Brazilians, English, etc.). One should remember that this village is in risk of desertification and it is not well known to people other than locals so this new trend in tourists' perceptions must be considered when elaborating the business model, to attract more tourists.</p>

<b>Related and Supporting Industries</b>	<p>The municipality of Redondo plays an important role in this section. Regarding wineries, in specific, the municipality already gives them the opportunity to be present, at no cost, in wine events and fairs, so that the region's wines are promoted. The relationship between producers is also very important; besides the agricultural society implemented in the village, "Casa de Sabicos" winery buys cheese to local producers to have it in its wine tastings and a lot of local products are consumed among the community and the industries nearby. Thus, there are synergies created from the local exchange and commercialization of products. Another support which will be essential for this new project is the one from Wines of Alentejo, in Évora. The winery of the village is already included in Alentejo Wine Route but the new project for the village as whole will also need to be part of this route and it will benefit immensely from the promotion and recommendation made by the institution when visitors stop there to ask for recommendations on wine tourism establishments to visit. Ideally, the person in Wines of Alentejo will tell visitors to start by visiting <i>Aldeias de Montoito</i>, since it is a place that includes not only wine tastings from many wineries and visits to the local one, but also it has many other attractions suitable for any age and taste.</p>
<b>Firm Strategy, Structure and Rivalry</b>	<p>The industries of the village and <i>Montoito</i> are typically small family businesses. This is the case with the cheese producers, the meat producers and even the winery, even though it is a larger business, but still, a family one. Hence, this could be the type of strategy to pursue in order to have a successful business, with the local community and foreign firms and investors working efficiently with each other, similar to a cluster activity. Regardless of family business being the typical form of management and companies, there can be an advantage of having foreign investors since they will provide locals with more and different knowledge; this does not go against the community as long as the proper steps are taken and collaboration between stakeholders occurs. The intended structure of the new Business Project is to combine local and foreign workforce and exchange of knowledge, with owners providing investors with some houses and local and foreign companies and wineries exploring the business as well, as a wine cluster with related activities.</p> <p>Currently there are many wineries in Redondo area, and throughout Évora district competing with "Casa de Sabicos" in terms of wine tourism offering and a lot of attraction centers that are appealing to visitors, namely, Redondo (with its wine museum and cultural center), Évora (for all its historical and cultural patrimony), Vila Viçosa, etc. However, the business concept to be created will have a different purpose, which disregards competition as such, but rather as a cooperator. The purpose of <i>Aldeias de Montoito</i> project is to revitalize the village and turn it into a destination with great accommodation and wine services, as well as other complementary activities. Wineries from Redondo area are included in the economic activity, not competing against it. This does not exclude visits and excursions to the areas nearby, it is supposed for tourists to visit them. The idea is that the village works as a cluster, with cooperation and complementarity among all economic activities, working together and taking advantage of some rivalry coming from other establishments and destinations in Alentejo to incentivize the production and sale of quality products and services.</p>

According to Porter's framework, the government also plays a role, even though it is not one of the factors in the diamond. In the case of *Aldeias de Montoito*, one can say that government intervention is specifically through the municipality of Redondo, and also the parish council of *Montoito*. Both these institutions help the village as soon as they see an opportunity to intervene, mostly through local initiatives. The municipality of Redondo has been helping the village with numerous initiatives, namely the creation of the primary school in *Montoito* (the neighboring village), the transportation to school and then back home for the children, the support given to the locals and local producers and the attempts of revitalization of the village. As mentioned above it also takes advantage of any opportunity to help the village's economy. As mentioned by the city councilor of Redondo, there is a plan by Redondo's municipality to study all possibilities regarding tourism in the region, including the village. Thus, the government is present at local and regional level, contributing to some extent to the village's development.

One can conclude, after performing the "Regional" Advantage Diamond analysis to *Aldeias de Montoito* that this is a location with potential for development, with a way to solve the desertification issue, and that needs to have the right implementation strategy in order to take the most of its resources. However, it is important to take into account the lack of labor force, if needed in a higher extent, and that this must be found in areas nearby or in other cities. By looking at different dimensions of the diamond, one can infer that the small and few industries working in the village help each other and work together to enjoy some synergies but the problem is that there are almost no inhabitants for them to serve and a new image and life must be given to this village since it has the conditions gathered for such action. The biggest challenge will be to increase demand levels and this is the most important issue to tackle upon the development of the new Business Model. The project must gather the conditions to attract a high number of visitors so that the business is successful.

#### **VI.d. Explanation of the Business model investment and figures of the project**

The business plan for *Aldeias de Montoito's* revitalization has a fifteen period duration, starting its business activity in 2016, even though the initial investment in purchase and requalification will start in 2015. There will be six houses for accommodation and four houses for activities, taking into account that one of the activities is the office, reception and breakfast room. Seven houses will be rented to the owners, and three of them will be bought (the ones used in the activities, except for the office and reception that requires no major modifications and can be rented). Even though the project comprises the village as a whole, there is a distinction in its



exploration; the houses used in accommodation will be explored by the investors of the project but the houses for the activities will be used by other entrepreneurs, renting or paying a commission. All houses will need an investment in requalification to use them in the project.

The management structure of the village will be decentralized; on top of the hierarchy there is the general manager of the village and then the manager of general operations and functions for all activities as a whole; each shop/activity will have its owner or be rented so each has its own management and operations individually. Although entrepreneurs and producers will be exploring the houses for activities and investors for the accommodation project and general management, the village activities and management are interrelated and must be dealt with as a whole.

In order to see if the business plan will be successful and has long term viability, and to infer if it is a good investment, one must compute the costs and revenues that it will comprise, as well as the profit margin that will be left each year for investors. In the end the Net Present Value must be calculated to prove that the project is a good investment or to reject it if it proves to be negative.

The purpose of this project is to capture a private investor that will be willing to bet on this business plan and this person will decide how to finance it. However, there have been news on incoming funds from the European Community for some business projects and this one is appropriate to mention in an application for funding. With the help of the government and funds investors will be able to pay just a percentage of the initial investment.

To calculate the business plan figures, some assumptions were made. Firstly, an accommodation project should have at least 60% of occupation rate to become profitable and, after the requalification and with the complementary activities in the village that was the probable rate assumed in this project for accommodation. Additionally, assuming a low (from November to March), medium (April, May and October) and high season (from June to September), in which the rates per night to each person were assumed, respectively, 25€, 40€, and 55€, the average rate considered was 40€. It is important to mention that the average number of people in a house per night was assumed to be three. The rate per night will be affected each year by the inflation rate, which was estimated to be 2% annually. This inflation rate will also affect all annual revenues and costs since it is a market indicator. Additionally, it is important to refer that the village will become known throughout the time and will gain importance; hence, it was assumed that both rate per night and average occupation rate were the same for the first five years, but from 2021 to 2025 the rate is 40€ plus 5%, totaling 42€ and average occupation rate grows to 65%, and from 2026 to 2030, the rate goes up to 40€ plus 10%, totaling 44€ and average occupation rate grows to 70%.

The initial investment for this Business Plan corresponds to the requalification cost of all ten houses and the purchase of three of them to use as points of sale. The initial investment is: 400€ \*

$122 * 10 \text{ houses} + 3 * 70,000\text{€} = 698,000\text{€}$ . In *Exhibit 3* in the Appendix, there is a detailed explanation of how one reaches the value of requalification and purchase of the houses.

The investment made in the requalification of the houses for accommodation (6 houses), which is  $122 * 400 * 6 = 292,800\text{€}$ , has to be compensated and recovered, otherwise investors are improving houses that are not theirs receiving nothing in return. In the end of the project the house owners will keep the houses for themselves with an increased value (resultant from the requalification) and the rent for a house that is improved is 400€ - the amount charged to the restaurant and the wine and products shop. That being said, and to compensate for the investment, there has to be a period during which there is no payment of rent to house owners, until it reaches at least 90% of the initial investment. Doing the calculations, one concludes that the annual rent fee for 6 houses with requalification investment is  $400 * 12 * 6 = 28,800\text{€}$ . This number multiplied by ten years gives 288,000€, 98.36% of the initial investment in requalification, thus, during the first ten years of the project, house owners will not receive the rent fee; this will be paid only in the last five years, otherwise investors would have no incentive to invest in houses which are not theirs in the end of the project life.

In the table below one can see the revenues and managing costs with each component of the Business Project:

Revenues from the accommodation activity	- Amount spent, per night, in the houses, taking into consideration the indicators and rates above mentioned.
Managing costs of accommodation project	<ul style="list-style-type: none"> <li>- Rent paid to owners (at least 200€ monthly, 12.5% of gross margin in 2026)</li> <li>- 3% of revenues used in general maintenance</li> <li>- 600€ monthly with exterior maintenance: public lighting, cleaning and gardening</li> <li>- 10€ daily with utilities (electricity, breakfast, water, etc.)</li> </ul>
Accommodation costs related with activities also	<ul style="list-style-type: none"> <li>- Accounting services outsourced to “Castro Galego” company in Redondo: 400€ /trimester , 1600€ annually;</li> <li>- Cost with reception manager in charge of daily operations and breakfast (this person has to work on weekends so the salary is based on one person and a half to compensate): 800€+400€ of monthly wage plus 23.75% social tax, totaling 1485€ monthly, 20790€ annually<sup>27</sup>;</li> <li>- Cost with person cleaning the houses: 505€ monthly plus 23.75% social tax, which is 624.9375€ monthly, 8749.125€ annually;</li> <li>- Cost with general manager of the project: 1400€ monthly plus 23.75% social tax, totaling 1732.5€ monthly, 24255€ annually;</li> </ul>

<sup>27</sup> A working year corresponds to 14 months and this is used for all salary calculations.

Revenues from Activities	<ul style="list-style-type: none"> <li>- Rent received from wine and regional products shop<sup>28</sup>: 400€ monthly rent fee and 990€ cost with employee in the shop, totaling 18660€ per year;</li> <li>- Rental of the restaurant: 400€ monthly, which is 4800€ annually;</li> <li>- Commission on revenues from shop selling other touristic activities (assuming 20% commission on average monthly revenue of 2500€): 6000€ per year<sup>29</sup>.</li> </ul>
Managing costs with Activities	<ul style="list-style-type: none"> <li>- Rental of house used as office, reception and breakfast room: 200€ monthly, 2400€ annually (also starting only in 2026);</li> <li>- 2% revenues in maintenance costs of exteriors;</li> <li>- Cost with person selling wine/products and doing tastings and courses, which is 800€ wage + 23.75% social tax, totaling 990€ monthly, 13860€ annually.</li> </ul>

After computing the figures of the project and doing the necessary calculations, the NPV of the project was calculated to check if it is profitable or not and if the investment is worthy. The appropriate discount rate used was 10%, which is between 8% and 12%, the usual values. For the purpose of a business investment in the tourism management area, a rate of 10% is assumed as the commonly used. Using this discount rate and the discounted cashflows generated by the 15 year project, one reaches a  $NPV = 160,493.40€$ . With such a net present value, one can conclude that this is a good investment and a profitable project to undertake.

The indicators used for this Indicative Business Plan can be seen on *Exhibit 4* in the Appendix, and a sample of the project calculations until 2020 (even though the project is until 2030 but the excel file is too big to fit on a word page) is provided on *Exhibit 5* in the Appendix.

## VI.e. Impacts of the Business Model based on Sustainable Wine Tourism

To implement a successful business model, one must take into account the impacts on the region and to study the sustainability of the project in the long term. In order to do this analysis, the study and framework proposed in Poitraz & Getz<sup>30</sup> paper on Sustainability will be used. This framework can be found on *Exhibit 2* in the Appendix.

Sustainability in rural tourism involves strategies that consider the culture and character of the local community, the landscape, the rural economy, among others. This will add to sustainability in wine tourism which, according to the authors, depends on identifying and

<sup>28</sup> Taking into account that these producers and wineries will pay rent plus an extra fee to pay for the person in the shop, even though it is also a cost because investors hire this person, so it enters both as cost and revenue.

<sup>29</sup> The activities shop could not be rented because it is only one company/person exploring so it would be a huge cost to bear alone. This is why a percentage of revenues will be charged, not a rent.

<sup>30</sup> *Sustainable Wine Tourism: The Host Community Perspective*, by Lisa Poitras and Donald Getz, 2006

managing issues related to the resources used (land, water, labor, capital, etc.), concrete forms of development of this type of tourism, and, finally, the specific impacts of wine tourism in the region. Sustainability comprises three pillars: Environmental, Economic, and Sociocultural. Each will be analyzed in order to see if the business model is sustainable.

Environmental impacts of wine tourism are related to viticulture, wine production and infrastructure supporting tourism activities. The challenge is to preserve natural resources and maintain the “winescape” as it is, since nowadays tourists give more importance to the aesthetic experience. Careless developments can affect the beauty and rural atmosphere so, one must pay close attention to how the project is developed and implemented. In the case of *Aldeias de Montoito*, environmental sustainability is assured since the landscape will be preserved and no construction will be made on the agricultural lands. It is a huge revitalization project using what it already exists in terms of constructing, thus, working on existing resources, that will be refurbished and renovated according to the activity they will lodge. The vine is also already planted by the winery that exists and the other brands will not need to plant, they are only selling, they already have their vineyards in other areas. Additionally, the activities in the dam will not harm the environment since no motors are involved. What may do some harm are the tours in four wheel motorcycle or jeep, but these are as harmful as any car passing in the area. That being said, one can conclude that with this project’s implementation, environmental sustainability is assured.

Regarding Economic impacts, two issues were mentioned as more relevant in the authors’ study: competition and seasonality. As mentioned above the idea of this project is to work with competing wineries in the region around of “Casa de Sabicos”, by having a point of sale for all of them, and have them all present in the village. *Aldeias de Montoito* will face some competition of other destinations for wine tourism in Alentejo so, it will have to bet on the quality of the products and accommodation and position itself correctly in the market. Innovation helps to differentiate from competitors and this is why this innovative project was conceived; never before has one seen an “all in one” destination for wine tourism in Alentejo, in which there are wine related activities, accommodation and other activities in one village, working as a permanent exposition fair. By working with other wineries in the village, competition will be turned into “coopetition”, with some of Redondo’s area wineries working together to attract visitors and tourists. Another issue related to Economic sustainability is seasonality. Wine tourism *per se* is a seasonal activity, with most visitors arriving in the summer or in the beginning of the autumn when the harvesting and wine festivals take place. Seasonality in demand has two problems: on the one hand there is a lot of congestion in the peak season, and on the other hand there may be financial distress for businesses in low seasons since there are almost no visitors. The purpose of creating this business model is precisely to have a destination that is active and attractive the whole year. Wine tastings and courses are available at

any time of the year and accommodation and other activities are also open permanently. Activities in the dam such as Kayak, Paddle, Picnic, etc. may be enjoyed at almost every time and horse riding and tours as well. Thus, this project was conceived as a permanent destination, attractive in all times of the year. Of course for wine tourists is not as interesting as during the harvesting and wine production process period but they can still visit the winery, enjoy the “winescape”, and taste some of the region’s wines. That being said, competition and seasonality issues seem to be solved in some extent with this business model and Economic sustainability is also assured.

Finally, there is the Socio-cultural dimension, and the impacts that are more relevant within the authors’ study regarding the host community are multi-stakeholder planning processes, decentralization and participation, employment opportunities, and cultural shock. Cooperation and the involvement of all stakeholders is a common theme in all studies of wine tourism and all of them mention the importance of such actions to have a successful wine tourism business. The community in *Aldeias de Montoito* very closed to foreign initiatives and if one wants to develop any activity or business project there, the community must be involved and be part of the project, otherwise it will not cooperate. This is why in order to have a sustainable business in terms of culture and society, dialogue and decision making must occur at a community level, with all stakeholders involved, from the house owners, to the business people exploring the houses. To ensure the participation of the community and its goodwill and support, the wine tourism business project must be explained and all the benefits and potential impacts must be exposed to the community. Another important issue is employment; this project will require more labor since most of the activities are not created still, and this means employment opportunities for locals and more population arriving to the village. However, even though this may represent opportunities for locals, there may be the need to train or retrain this labor force if employees are going to work in the wine establishment (which requires knowledge and qualification), so this must be taken into account as well. This movement of people to the village and the visits and tourism attracting more people, will lead to an increased traffic and movement within the area; in the case of *Aldeias de Montoito*, a village in risk of desertification, movement and visits should be welcomed to bring more life to it. An issue that may also arise is cultural shock, since the village community, as it is currently, has the opposite of an active lifestyle, with business activities and entertainment. Dealing with such a different environment may lead to some resentment and distrust at first and even hostility towards tourists. However, if locals are involved and they feel included, they will start to see this change as beneficial and will accept and even incentivize the tourism activity. The idea is precisely for everyone to enjoy the village’s attractions so that visitors spend time locals and vice-versa. One can conclude, after analyzing these aspects that if the right implementation, with decentralized decision-

making and participation of all relevant stakeholders and the local community, is set in practice, the business will be socioculturally sustainable as well.

## VII. Conclusions

The purpose with this thesis was, through a study of worldwide practices, developments in wine tourism, and by learning critical success factors and good practices, to develop a business model for Central Alentejo, a region with a lot of potential regarding this activity, and still, with a lot of room for development. This business model was created for a village near Redondo, *Aldeias de Montoito*, which is almost abandoned and with a great potential to receive an innovative project that will bring a new lease of life to the village and the surrounding area.

With this new project, three problems will be solved; the first one is related to the location itself: the Business Plan will solve the problem of desertification and abandonment, aging population (with visitors and workers in younger segments), and employment rates will increase; the second problem that the project will solve is related to suppliers: wineries and producers of local products will gain visibility, more consumers and will enjoy the benefits of synergies created by joint exploration and promotion efforts. Last but not least, a problem will also be solved for consumers: wine tourists now have on a single location, access to wines, tastings, courses, local products such as cheese and olive oil and also entertainment; and in the same place they will have lodgings to sleep after having a good dinner in the village's restaurant, with no need of driving a car after drinking. Additionally, they will be near important locations such as Redondo, Évora, Alqueva, so they can visit these places at any time during their stay in the village. Wine tourists will have an "all-in-one" experience in a picturesque typical Alentejo village.

Some of the best practices mentioned in section IV will be applied in this Business Plan, namely, being part of a Wine Route, having experiential wine programs (combining wine with food tastings in the shop), link wine to regional tourism (with the possibility of visiting the regional locations nearby, each with its own culture and history), being in fact a wine village, having a match between food and wine and, finally, to use social media since this is also intended for the marketing efforts of the project. All in all, this project combines the necessary practices to be a successful case of a Wine Tourism destination in Central Alentejo.

It was mentioned in the study on critical success factors, by Getz & Brown (2006)<sup>31</sup>, that some of the most important attributes in wine tourism destination, for customers, were the attractive scenery, the possibility of seeing a lot of things and doing a lot of activities in the region, fine dining or gourmet restaurants, group tours to wineries, wineries that are visitor friendly and with

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<sup>31</sup> *Critical Success factors for wine tourism regions: a demand analysis*, by Donald Getz and Graham Brown, 2006

knowledgeable staff, among others. With the new business model in the village adding to what it already exists (such as “Casa de Sabicos” winery which already has tours and tastings and is a member of Alentejo Wine Route), these factors will all be respected. A very important dimension in these authors’ paper is the cultural product, that is, accommodation with regional character, traditional wine villages, fine dining and local products. In *Aldeias de Montoito* the rural and regional characteristics will not only be respected, but also be given emphasis; people will experience the real rural Alentejo village as it is, while enjoying good regional wines and products. The restaurant will use quality regional products and combinations with wine for tourists/visitors to experience the village in all its features, from accommodation to food, landscape and atmosphere.

Finally, all studies on Wine Tourism mentioned in the Literature Review have in common the focus on cooperation, participation of all stakeholders, sustainability, marketing efforts, quality of wines and the importance of being a member of a Wine Route. This was taken into account when choosing not only the location for the project but also the business concept for the village and it is possible to conclude that, taking into account everything mentioned regarding Wine Tourism and the potential of Central Alentejo, all these factors were considered and the ultimate result was the creation of a Business Model that has the conditions to succeed and contribute to development and image of Portugal and Alentejo as a Wine Tourism destination.

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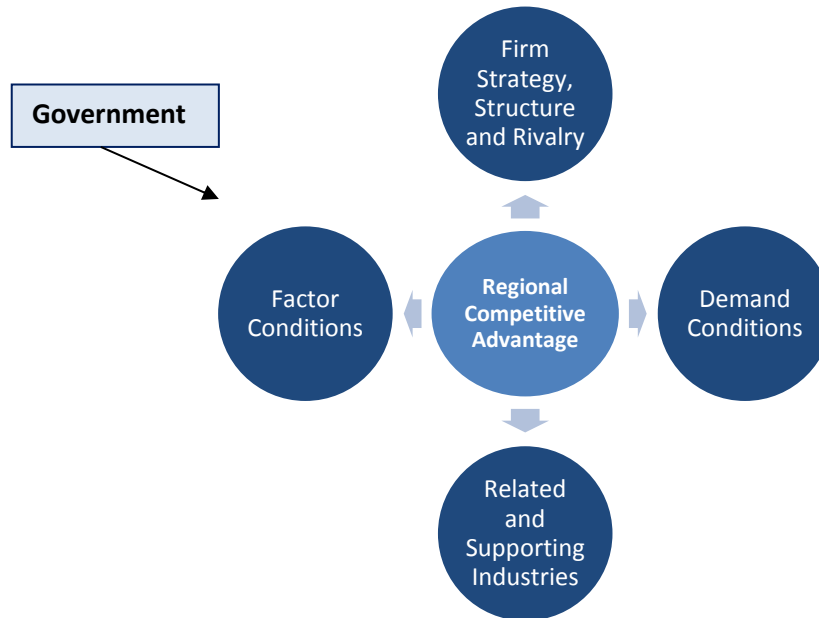
Interview to Maria Teresa Chicau, responsible in Wines of Alentejo, Évora. On the 28<sup>th</sup> of October, 2014

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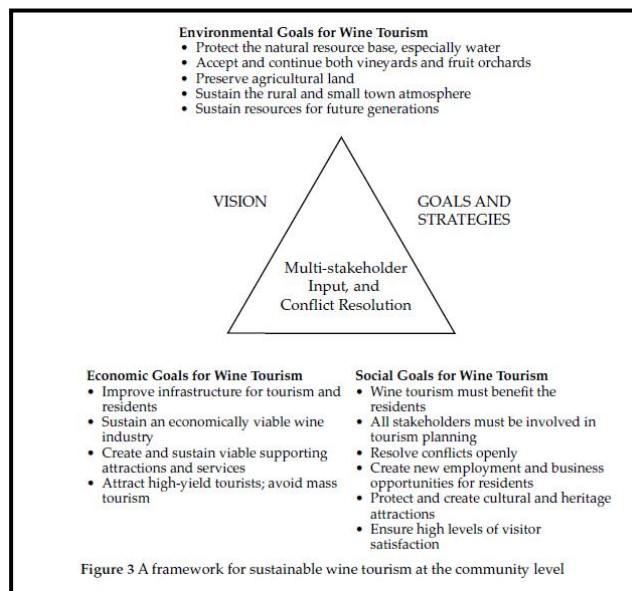
Interview to the city councilor of Redondo, Armindo Ramalhosa. On the 6<sup>th</sup> of November, 2014.

## IX. Appendix

**Exhibit 1 – Representation of Porter’s Diamond of Nations adapted to a Region**



**Exhibit 2 – Framework for Sustainable Wine Tourism at the Community level**



Source: Poitras & Getz, page 445

### Exhibit 3 – Explanation of both purchase and requalification costs of the houses

In *Aldeias de Montoito*, each house owner has built his/her house according to personal taste and the structure and square meters vary between houses. However, after researching some websites where houses in the village were available for sale, one can see that a house with two bedrooms and two bathrooms, or at least, available room for such divisions, has around 122 square meters. This is a good area in terms of space and it was the area used as base for the project's houses and used to estimate the requalification costs per square meter, to transform the houses for the new project. The average sale price for these houses, taking into account that some were bigger than others and vice versa, is around 70,000€, the price used to estimate the cost of the houses that need to be bought to construct the wine and regional products, complementary activities shops and the restaurant (when researching on the internet there was a house for sale, with 122 square meters, for 62,000€ and another, bigger, with three bedrooms for 115,000€ so this price estimate was based on benchmark values). To remodel and refurbish the houses, a requalification amount per square meter had to be estimated. When doing research with the employees of the municipality of Redondo, I found that the cost of construction per square meter in *Aldeias de Montoito*, according to a government register<sup>32</sup>, is 634.41€. However, in the village the houses are already constructed and the area is not very expensive so, to requalification purposes, the amount estimated per square meter was 400€.

The initial investment for this Business Plan corresponds to the requalification cost of all ten houses and the purchase of three of them to use as points of sale, thus, it is  $400€ * 122 * 10 \text{ houses} + 3 * 70,000€ = 698,000€$  .

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<sup>32</sup> Portaria 353/2013 December

**Exhibit 4 – Indicative Business Plan *Aldeias de Montoito*: indicators**

Indicative Business Plan "Aldeias de Montoito"			
Indicators			
Duration of the project (in years)	15		
# Houses for accommodation	6		
# Houses for activities	4		
Average occupancy rate 2016-2020/2021-2025/2026-2030	60%	65%	70%
Average rate of accommodation per person, per night 2016-2020/2021-2025/2026-2030	40 €	42 €	44 €
Average # of persons per house	3		
Average # of nights occupied in a year 2016-2020/2021-2025/2026-2030	219	237,25	255,5
Average area of a house with 2 bedrooms and 2 bathrooms (square meters)	122		
Cost of construction per square meter in Aldeias de Montoito ( PORTARIA 353/2013)	634,41 €		
Estimate local cost of requalification per square meter	400,00 €		
Local average sale price of house with 122 square meters (estimate)	70 000,00 €		
Local average rental rate per month to be charged to shops	400,00 €		
Annual cost of person in charge of house cleaning (505 wage + 23.75% social tax= 624.9375€ monthly cost)	8 749,13 €		
Annual cost of person educating consumers in wine and regional products shop (800 wage +23.75% social tax=990 monthly cost)	13 860,00 €		
Annual cost of Reception manager in charge of daily operations (1200 wage +23.75% socialtax=1485€ monthly cost)	20 790,00 €		
Annual cost of general manager of the village activities (1400 wage+23.75% social tax= 1732.5€ monthly cost)	24 255,00 €		
Accounting/Finacial services outsourced to "Castro Galego" company in Redondo (trimester)	400,00 €		
Average daily costs with utilities (electricity, breakfast, water, others)	10,00 €		
Average annual Inflation rate	2%		
Discount rate assumed for the project NPV	10%		

Rate of accommodation per night/person		
Low season (November to March)	Medium season (April, May and October)	high season(June to September)
25,00 €	40,00 €	55,00 €

## Exhibit 5 – Sample of the Business Plan (Until 2020, even though it last until 2030)

Investment Costs	2015 (0)	2016 (1)	2017 (2)	2018 (3)	2019 (4)	2020 (5)
Requalification of all houses	-488 000,00 €					
Purchase of the houses for activities	-210 000,00 €					
<b>Total investment costs</b>	<b>-698 000,00 €</b>					
<b>Accommodation</b>						
<b>Accommodation Total Revenue</b>						
Overnight stays	0	157 680,00 €	160 833,60 €	164 050,27 €	167 331,28 €	170 677,90 €
<b>Accommodation Managing Costs</b>						
Utilities costs: Electricity, breakfast, water	0	-13 140,00 €	-13 402,80 €	-13 670,86 €	-13 944,27 €	-14 223,16 €
Human Resources ( for accommodation and general management)						
Person in charge of house cleaning	0	-8 749,13 €	-8 924,11 €	-9 102,59 €	-9 284,64 €	-9 470,33 €
Reception manager in charge of daily operations	0	-20 790,00 €	-21 205,80 €	-21 629,92 €	-22 062,51 €	-22 503,76 €
General manager of the village activities	0	-24 255,00 €	-24 740,10 €	-25 234,90 €	-25 739,60 €	-26 254,39 €
Maintenance costs (3% of accommodation total revenue)	0	-4 730,40 €	-4 825,01 €	-4 921,51 €	-5 019,94 €	-5 120,34 €
Accounting annual costs (outsourced service)	0	-1 600,00 €	-1 632,00 €	-1 664,64 €	-1 697,93 €	-1 731,89 €
External maintenance costs (Public lighting, cleaning, gardening) - 600€ monthly		-7 200,00 €	-7 344,00 €	-7 490,88 €	-7 640,70 €	-7 793,51 €
<b>Total costs</b>	<b>0</b>	<b>-73 264,53 €</b>	<b>-74 729,82 €</b>	<b>-76 224,41 €</b>	<b>-77 748,90 €</b>	<b>-79 303,88 €</b>
<b>Gross Margin</b>	<b>0</b>	<b>84 415,48 €</b>	<b>86 103,78 €</b>	<b>87 825,86 €</b>	<b>89 582,38 €</b>	<b>91 374,02 €</b>
House rental fees (12.5 % of G. Margin starting in 11 years) - each house owner must receive at least 200€ per month	0	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
<b>Net Operating Profit (EBITDA)</b>		<b>84 415,48 €</b>	<b>86 103,78 €</b>	<b>87 825,86 €</b>	<b>89 582,38 €</b>	<b>91 374,02 €</b>
<b>Activities</b>						
<b>Activities Total Revenue</b>						
Rental of wine and regional products point of sale	0	18 660,00 €	19 033,20 €	19 413,86 €	19 802,14 €	20 198,18 €
Rental of Restaurant	0	4 800,00 €	4 896,00 €	4 993,92 €	5 093,80 €	5 195,67 €
Annual commission on revenue of touristic activities and services shop (20% of 2500€ - assumed monthly revenue)	0	6 000,00 €	6 120,00 €	6 242,40 €	6 367,25 €	6 494,59 €
<b>Total revenue</b>	<b>0</b>	<b>29 460,00 €</b>	<b>30 049,20 €</b>	<b>30 650,18 €</b>	<b>31 263,19 €</b>	<b>31 888,45 €</b>
<b>Activities Managing Costs</b>						
Rental of house for reception, office and breakfast	0	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Maintenance of exterior annually (2% of revenues)	0	-589,20 €	-600,98 €	-613,00 €	-625,26 €	-637,77 €
Human Resources						
Person in wine shop educating and serving	0	-13 860,00 €	-14 137,20 €	-14 419,94 €	-14 708,34 €	-15 002,51 €
<b>Total costs</b>		<b>-14 449,20 €</b>	<b>-14 738,18 €</b>	<b>-15 032,95 €</b>	<b>-15 333,61 €</b>	<b>-15 640,28 €</b>
<b>Net Operating Profit (EBITDA)</b>		<b>15 010,80 €</b>	<b>15 311,02 €</b>	<b>15 617,24 €</b>	<b>15 929,58 €</b>	<b>16 248,17 €</b>
<b>Total Accommodation and Activities Revenue</b>		<b>187 140,00 €</b>	<b>190 882,80 €</b>	<b>194 700,46 €</b>	<b>198 594,47 €</b>	<b>202 566,35 €</b>
<b>Total Accommodation and Activities Managing Cost</b>		<b>-87 713,73 €</b>	<b>-89 468,00 €</b>	<b>-91 257,36 €</b>	<b>-93 082,51 €</b>	<b>-94 944,16 €</b>
<b>Total Cashflows of the Project</b>	<b>-698 000,00 €</b>	<b>99 426,28 €</b>	<b>101 414,80 €</b>	<b>103 443,10 €</b>	<b>105 511,96 €</b>	<b>107 622,20 €</b>
Discount factor	1	1,10	1,21	1,33	1,4641	1,61051
Discounted cashflows	-698 000,00 €	90 387,52 €	83 813,88 €	77 718,33 €	72 066,09 €	66 824,92 €